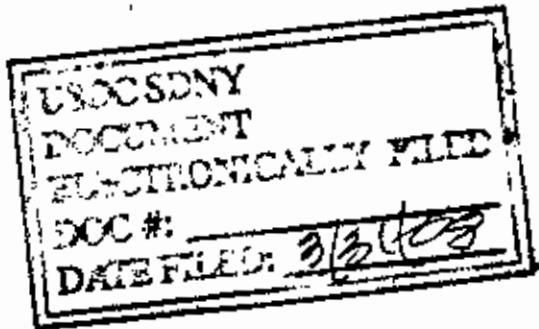


HERRICK, FEINSTEIN LLP
Barry Werbin (bwerbin@herrick.com)
March Weiss (mweiss@herrick.com)
2 Park Avenue
New York, New York 10016
Telephone: (212) 592-1400
Facsimile: (212) 592-1500
Attorneys for Plaintiff



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
MILANO MANHATTAN, LTD.,

Plaintiff, : 07 Civ. 8811 (NRB)

against

FILENE'S BASEMENT, RETAIL VENTURES, INC.
and NYCAL INC., D/B/A SERENADE,

STIPULATION AND ORDER
OF SETTLEMENT AND
DISCONTINUANCE

Defendants.

----- X
NYCAL, INC., d/b/a SERENADE,

Third Party Plaintiff,

against

PRATO TEXTILE,

Third Party Defendant.

WHEREAS, Plaintiff Milano Manhattan, Ltd. ("Milano"), is the owner of a copyright, evidenced by Copyright Registration Certificate No. VA 738-218, for a certain imprinted design in various color combinations used on fabric from which it manufactured, or had manufactured

on its behalf, women's apparel under its own brand name for national distribution and sale (hereinafter referred to as the "Copyrighted Design");

WHEREAS, defendants Filene's Basement ("Filene's"), along with its parent company Retail Ventures, Inc. ("Retail Ventures"), as well as Nycal, Inc. d/b/a Serenade ("Nycal", along with Filene's and Retail Ventures, the "Defendants") offered for sale and distribution apparel featuring the Copyrighted Design;

WHEREAS, third-party defendant Prato Textile ("Prato") supplied fabric featuring the Copyrighted Design to Nycal;

WHEREAS, Milano filed this action alleging copyright infringement against the Defendants;

WHEREAS, the Defendants filed an Answer to Milano's Complaint, denying such allegations of infringement;

WHEREAS, Nycal filed a Third-Party Complaint against Prato;

WHEREAS, Milano, the Defendants and Prato have now agreed to settle this dispute under the terms and conditions hereinafter stipulated.

NOW THEREFORE, IT IS HEREBY STIPULATED, by and between the respective parties to the above entitled action, that said action is hereby finally settled under the terms and conditions as set forth herein:

1. Except for the obligations of Defendants and Prato under this Stipulation, each of the parties hereto does hereby release and discharge each of the other parties hereto from any and all obligations, claims, charges, actions, cross-claims, and counterclaims arising out of the specific allegations contained in Plaintiff's Complaint, Defendants' Answer and Nycal's Third-Party Complaint against Prato, respecting the Copyrighted Design.

2. Defendants and Prato acknowledged that Milano holds a copyright registration for the Copyrighted Design, as evidenced by Copyright Registration Certificate No. VA 738-218.

3. The Defendants, Prato and all those acting in concert or participation with the Defendants and/or Prato are hereby permanently enjoined from directly or indirectly: (i) copying, selling, manufacturing, advertising or distributing any goods incorporating the Copyrighted Design or any design that is substantially similar to the Copyrighted Design; (ii) representing to any third party, directly or indirectly, that they have the right to use the Copyrighted Design; and (iii) authorizing any third party to sell, manufacture, advertise or distribute any goods depicting the Copyrighted Design.

4. Ellene's and Retail Ventures shall be entitled only to sell the remaining ten (10) garments in inventory depicting the Copyrighted Design, which they represent and warrant remain in their custody and control.

5. Within ten (10) days of its execution of this Stipulation, Prato shall pay Milano the sum of fifteen thousand dollars (\$15,000) by certified check or bank check made payable to "Herrick, Feinstein LLP, as attorneys" and delivered to the attention of: Marni Weiss, Esq., Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (the "Prato Settlement Payment").

6. Within ten (10) days of its execution of this Stipulation, Nycaj shall pay Milano the sum of five thousand dollars (\$5,000) by certified check or bank check made payable to "Herrick, Feinstein LLP, as attorneys" and delivered to the attention of: Marni Weiss, Esq., Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (the "Defendants' Settlement Payment", along with the Prato Settlement Payment shall be referred to as the

"Settlement Payments"). Receipt of the Settlement Payments shall be a condition precedent to the settlement of this dispute.

7. Upon receipt and clearance of the Settlement Payments, Mileno will file a Joint Stipulation of Dismissal in the form annexed hereto as Exhibit "A", to be executed by counsel for the parties simultaneously with this Stipulation of Settlement. Plaintiff's undersigned counsel shall hold the signed Stipulation of Dismissal in escrow pending Defendants' and Prato's satisfaction of paragraphs 5 and 6 herein.

8. Nothing herein shall constitute an admission of any liability by any of the Defendants or Prato.

9. With respect to the matters hereinabove set forth, each party hereto acknowledges that it has investigated the facts and circumstances related hereto to its satisfaction and is not relying upon any expectation or duty of disclosure by any party other than that expressly recited herein.

10. This Stipulation contains the entire understanding between the parties hereto with respect to the subject matter hereof and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. No modification, change or waiver of any of the provisions hereof shall be valid unless in writing and signed by the party against whom enforcement thereof is sought.

11. If any phrase, sentence or paragraph of this instrument shall to any extent be held invalid, then the remainder of this instrument or the application of such provision to such persons or circumstances other than those as to which it is held invalid shall not be affected hereby, and all other phrases, sentences and paragraphs of this instrument shall be valid and enforced to the fullest extent permitted by law.

12. The terms of this Stipulation shall be strictly construed and enforced. No violation hereof shall be excused or excusable on the ground of mistake, unintentional act, illness, force majeure or otherwise.

13. All parties agree to abide by the terms hereof, and, except herein provided, are thus discharged, one from the other, of any and all further liability by reason of the matters and claims set forth in their respective pleadings in this action, and such party is to bear his or its own costs, disbursements and attorney fees.

14. This Stipulation shall be governed by and construed under the laws of the State of New York where it was prepared without recourse to New York's conflict of laws or principles.

15. This Court shall retain jurisdiction of this action for the purpose of enabling any party to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the interpretation, implementation, enforcement or alleged violation of this Settlement.

DATED: New York, New York
March 24, 2008

SO ORDERED:


Hon. Naomi Buchwald
United States District Court Judge
3/21/08

The undersigned attorneys for the respective parties hereby consent to the form and entry of the within Stipulation of Settlement:

Barry Weisbin, Esq. (bweisbin@herrick.com)
Martti Weis, Esq. (mweiss@herrick.com)
2 Park Avenue
New York, New York 10016
Attorneys for Plaintiff

K. Tom Kohen, Esq. (tome@Kohenlawfirm.com)
443 S. Figueroa Street, 27th Floor
Los Angeles, California 90071
Phone: (310) 349-1111
Attorneys for Defendants


Leonard Comden, Esq. (lcomden@woolaw.com)
5567 Reseda Boulevard
Suite 303
P.O. Box 7033
Tujunga, California 91357-7033
Phone: (818) 705-6800
Attorney for Third-Party Defendant
Prato Textile

AGREED TO AND ACCEPTED:

MILANO MANHATTAN, LTD.

By: _____
Name: _____
Title: _____

NYCAL, INC., d/b/a SERENADE

By: _____
Name: _____
Title: _____

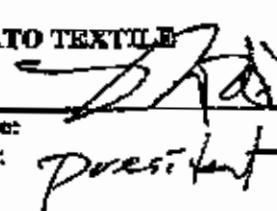
FILENE'S BASEMENT

By: _____
Name: _____
Title: _____

RETAIL VENTURES, INC.

By: _____
Name: _____
Title: _____

PRATO TEXTILE

By: _____
Name: _____
Title: _____


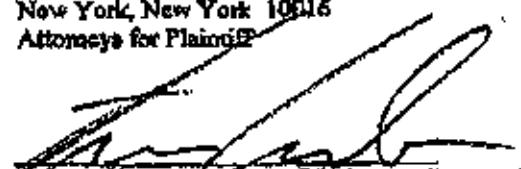
09/27/2008 16:06 FAX 2128546201

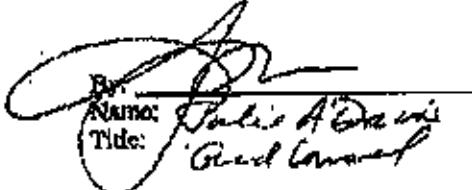
NYCAL, INC.

002/003

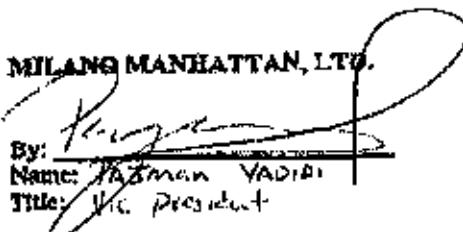
The undersigned attorneys for the
respective parties hereby consent
to the form and entry of the within
Settlement of Settlement:

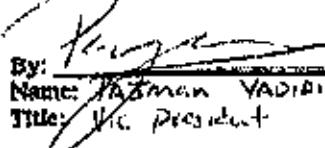

Barry Weisblum, Esq. (bweisblum@herrick.com)
Marni Weiss, Esq. (mweiss@herrick.com)
2 Park Avenue
New York, New York 10016
Attorneys for Plaintiff


Tom Kahan, Esq. (tom@KahanLawFirm.com)
645 S. Figueroa Street, 27th Floor
Los Angeles, California 90071
Phone: (310) 349-1111
Attorneys for Defendants

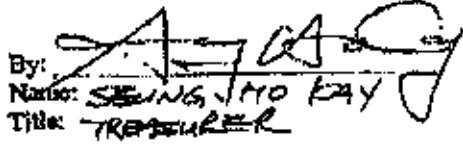
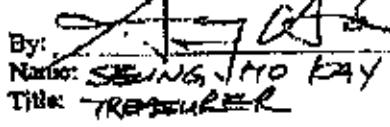

Leonard Condon, Esq. (lcondon@woolaw.com)
5967 Reseda Boulevard
Suite 303
P.O. Box 7033
Tujunga, California 91357-7033
Phone: (818) 705-6800
Attorney for Third-Party Defendant
Prato Textile

AGREED TO AND ACCEPTED:

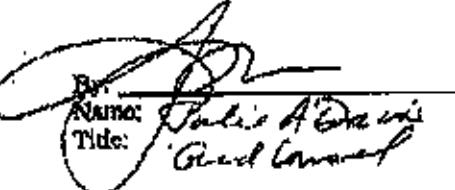
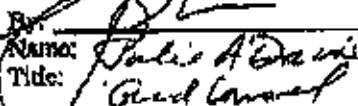

MILANO MANHATTAN, LTD.

By: 
Name: Jonathan Vardi
Title: Vice President

NYCAL, INC., A/W SERENADE


By: 
Name: Steven J. Ro Eay
Title: Treasurer

KILENE'S BASEMENT


By: 
Name: Julie A. Davis
Title: General Counsel

RETAIL VENTURES, INC.


By: 
Name: Julie Davis
Title: General Counsel

PRATO TEXTILE

By: _____
Name: _____
Title: _____